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File *Accounting 3-3*

QC-m76-728
22 NOV 1976

MEMORANDUM FOR: Chief, Audit Staff, OIG

25X1A FROM : [REDACTED]
Director of Communications

SUBJECT : Report of Audit
25X1A [REDACTED]

30 June 1976

Attached is a memorandum outlining actions taken as
a result of the recommendations contained in the report
of the most recent audit [REDACTED]

25X1A

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Attachment:
As Stated

cc: ① - DD/A w/att.
1 - O/Compt w/att.
1 - D/Fin w/att.
1 - OIG w/att.

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E3, IMPDET
CL BY 015556

Approved For Release 2001/07/30 : CIA-RDP79-00498A000100040007-9

OCW-M76-097
16 November 1976

MEMORANDUM FOR: Director of Communications

THROUGH : Chief, Communications Services

25X1A FROM :

25X1A SUBJECT : Reports of Audit

30 June 1976

25X1A REFERENCE : Memo [REDACTED] from Chief, Audit Staff,
OIG, dated 14 Sept. 1976, Subject as above

25X1A 1. This memorandum is to advise of action taken and planned
25X1A to be taken on recommendations in the most recent [REDACTED]
[REDACTED]

2. Recommendation #1, "Revise the vehicle maintenance policy
to allow more flexibility in scheduled maintenance."

Although we are not planning to implement major changes at this time, we do plan to amend our practices on a case-by-case basis. Initially, we plan to change 12 vehicles now receiving bimonthly inspections to inspections on a semi-annual basis. We will monitor this plan and evaluate it at a later date. We are reluctant to substantially downgrade our vehicle inspection program because of the large number of different drivers who operate our vehicles, the steep hills over which they are driven in this area, and the excellent safety and dependability record our vehicle maintenance program has yielded over the years.

3. Recommendation #2, "Establish proper controls and records for the supplies in the central supply room."

We consider detailed inventory and issuance records, and rigid issuance controls to be costly when applied to a maintenance program such as ours, which has a relatively small parts and supply inventory. The cost per unit controlled is increased by covering leave and illness periods of a single control clerk with higher level administrative or skilled

E 3 IMPDET CL BY 000204

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25X1A SUBJECT: Reports of Audit - [REDACTED]

30 June 1976

maintenance personnel. Further, tight issuance controls can result in loss of maintenance time, as skilled personnel wait in line while formal, bureaucratic issuance procedures are being followed. This is particularly troublesome because of our very limited maintenance staff [REDACTED]

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We propose, therefore, to establish a modified inventory and issuance procedure which we hope can be operated with only one clerk. Such a procedure will admittedly not be as "tight" as a more elaborate system which would require more personnel to administer, more idle time on the part of skilled maintenance personnel [REDACTED]

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[REDACTED] establishes as a general rule, a cost level of \$200.00 to distinguish between expendable and nonexpendable, nonconsumable items. We estimate that no more than 2% of the approximately 2,300 items in our maintenance supply inventory cost over \$200.00. More than 75% of the items are valued under \$50.00. In this type of supply operation, item by item control and restrictive access can quickly become negatively cost effective.

The system we propose would permit maintenance personnel to have access to inventory items when the only control clerk is unavailable or otherwise occupied. Such access to inventory by maintenance personnel has been permitted over the last 25 years and we believe our losses have been minimal. Because of the small number of maintenance personnel in each trade and the relatively small maintenance force as a whole, we believe that irregularities of significance would be detected and would necessitate collusion which would be unlikely considering our limited inventory levels.

In view of the above, and unless otherwise directed, we will complete the establishment of an inventory and control procedure embodying the economies outlined above.

4. Recommendation #3, "Maintain current records on installed property as soon as sufficient clerical help is available."

Once a full-time stock person is aboard in the Maintenance Branch and has the above mentioned stock room controls fully established, we will next move to inaugurate more complete records on installed property.

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5. Recommendation #4, "Obtain a current authorization for the weapons needed for security purposes and for the emergency relocation facility."

We have requested a Headquarters determination as to the weapons level desired in connection with emergency relocation planning needs. We will react accordingly.

6. Recommendation #5, "Forward copies of the weapons inventory to Headquarters."

We have forwarded copies of our current weapons inventory to the CIA Emergency Coordinator, as well as to the Director of Security. Upon implementation of any change in inventory levels, we will advise them accordingly.

7. Recommendation #6, "Select individuals from other than the Finance Office on a rotating basis to perform the monthly cash counts."

We have inaugurated a program which provides for monthly cash counters to be selected, on a rotation basis, from other than the Finance Division.

8. We appreciate the fact that our records have again been audited and are particularly pleased that the [REDACTED] records were included in the scope of the audit.

[REDACTED] 25X1A

Distribution:

Orig. & 1 - Addressee
1 - Chief, OC-S

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Director of Communications

EXTENSION

NO.

00-176-728

DATE

22 NOV 1976

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. A/DD/A
7D18 Headquarters

22 NOV 1976

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2. DDA

30 NOV 1976

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response to
audit Report. Nothing
noteworthy.
29 NOV 1976